

Message Text

UNCLASSIFIED

PAGE 01 QUITO 05081 291717Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 TRSE-00 AGRE-00 OPIC-06 /029 W
-----005836 300031Z /73

R 291320Z JUL 77
FM AMEMBASSY QUITO
TO USDOC WASHDC
INFO SECSTATE WASHDC 5234
AMCONSUL GUAYAQUIL

UNCLAS QUITO 5081

E.O. 11652: N/A
TAGS: BENC, EC, EINV
SUBJECT: INVESTMENT OPPORTUNITY IN ABACA PRODUCTION

1. CENDES, ECUADOR'S CENTER OF INDUSTRIAL DEVELOPMENT, HAS ALERTED THIS EMBASSY TO AN INVESTMENT OPPORTUNITY FOR U.S. FIRMS IN THE PRODUCTION OF ABACA PULP. A GROUP OF ABACA FIBER PRODUCERS FROM THE COASTAL CITY OF ESMERALDAS SEEKS A JOINT-VENTURE PARTNER TO INVEST IN A PLANT TO PRODUCE ABACA PULP FROM FIBER. ANTICIPATED PRODUCTION PER YEAR WILL BE 3 TO 6 THOUSAND TONS, DEPENDING ON THE EXACT SPECIFICATIONS OF THE PROPOSED FACILITY. COOPERATIVE MUISNE, THE GROUP OF FIBER PRODUCERS, WILL MEET THE PLANT'S REQUIREMENTS FOR RAW MATERIAL WITH THE HARVEST OF 12,000 HECTARES EARMARKED FOR THIS ENTERPRISE. THE COOPERATIVE HAS IN THE PAST DEALT COMMERCIALLY WITH TWO FOREIGN FIRMS, DEXTER OF THE U.S. AND FUROKAWA OF JAPAN. INVESTOR MUST BE ABLE TO PROVIDE TECHNICAL EXPERTISE IN PRODUCTION AND EXPORT MARKETING. DETAILS ON THE SIZE OF INVESTMENT AND PERCENTAGE OF PARTICIPATION WILL BE PROVIDED AS SOON AS THEY ARE AVAILABLE.

2. APPROXIMATELY 18 MONTHS AGO, CENDES OBTAINED A LOAN FROM THE CORPORACION ANDINA FINANCIERA (CAF) TO FINANCE A STUDY OF THE POTENTIAL EXPORT MARKET FOR ABACA PULP
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 QUITO 05081 291717Z

PRODUCED IN ECUADOR. SNC-RUST OF CANADA CONDUCTED THE STUDY, WHICH WILL BE AVAILABLE TO FIRMS INTERESTED IN THE PRODUCT OUTLINED ABOVE, AND IDENTIFIED OPPORTUNITIES IN EUROPE, LATIN AMERICA, AND THE U.S. COOPERATIVE MUISNE'S PLANS TO INVEST IN A PROCESSING PLANT ARE BASED ON THIS FEASIBILITY STUDY. AT THIS POINT, CENDES' ROLE IS TO HELP THE COOPERATIVA CONTACT POTENTIAL

FOREIGN INVESTORS AND PROVIDE THE LATTER WITH THE
INFORMATION AND ASSISTANCE REQUIRED TO INVEST IN ECUADOR.

3. THE GOE ACTIVELY ENCOURAGES GREATER PROCESSING OF
PRIMARY PRODUCTS BEFORE EXPORTATION AND THEREFORE WILL
OFFER, IN ACCORDANCE WITH ITS INDUSTRIAL DEVELOPMENT LAW,
A VARIETY OF INCENTIVES TO THE FOREIGN INVESTOR IN THIS
PROJECT, AMONG THEM: (A) 100 PERCENT EXONERATION OF DUTY
ON IMPORTED MACHINERY NOT PRODUCED IN ECUADOR; (B) 80
PERCENT EXONERATION OF DUTY ON IMPORTED PRIMARY PRODUCTS
NOT PRODUCED IN ECUADOR; (C) AN ANNUAL BONUS TO THE
COMPANY OF 10 TO 18 PERCENT OF THE FOB VALUE OF ITS
EXPORTS; (D) A 10-YEAR EXONERATION OF INCOME TAX ON
CORPORATE EARNINGS; AND (E) DOUBLE DEDUCTIONS ON
PERSONAL INCOME TAX FOR ALL PERSONS EMPLOYED BY THE
COMPANY.

4. FOR MORE INFORMATION ABOUT THIS INVESTMENT
OPPORTUNITY AND THE PERTINENT INCENTIVES, POTENTIAL
INVESTORS SHOULD CONTACT:

DR. MARCO BRAVO
GERENCIA TECNICA
CENTRO DE DESARROLLO INDUSTRIAL
DEL ECUADOR - CENDES
AV. ORELLANA 1715
CASILLA 2321
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 QUITO 05081 291717Z

QUITO, ECUADOR
TELEPHONE: 527100
TELEX: 2350-ED
CORR

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT OPPORTUNITIES, FIBERS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977QUITO05081
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770273-0376
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977074/aaaaadfd.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 49320467-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1809461
Secure: OPEN
Status: NATIVE
Subject: INVESTMENT OPPORTUNITY IN ABACA PRODUCTION
TAGS: BENC, EINV, EPAP, BEXP, EC
To: COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/49320467-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009